PROJECT BRIEF
IFRC

The International Federation of Red Cross and Red Crescent Societies (IFRC) is the largest humanitarian organization with operations in 191 countries. The organization administers the Disaster Response Emergency Fund (DREF), which is a multilaterally funded, rapid response mechanism that provides funding directly to local humanitarian actors both before and immediately after a crisis hits. The IFRC recognizes that relying solely on traditional grant funding is insufficient, and therefore intends to develop innovative financing solutions for the DREF. The Project Partners teamed up to develop a new instrument aimed at increasing the DREF’s ability to respond to more natural disaster events and reach more end-beneficiaries by increasing its financial capacity via climate risk insurance.

PRODUCT CHARACTERISTICS

- Target group: Poor and vulnerable households in need of emergency assistance
- Target region: All ODA countries
- Insured asset: Emergency relief costs
- Insured peril / hazard: All types of natural disaster (drought, flood, earthquake, etc.)
- Insurance type: Meso level approach
- Own contribution: 49.8% of total ISF project costs

PRODUCT DEVELOPMENT ACTIVITIES SUPPORTED

- Preparatory work (feasibility study, value for money assessment, partial regulatory assessment).
- Refine the insurance mechanism and structure to incept an improved product.
- Showcase DREF Insurance to external stakeholders.
- Increase internal stakeholder awareness and expertise on DREF Insurance.
The ultimate goal is to increase DREF’s ability to respond to more natural disaster events and financing emergency relief operations to the benefit of poor and vulnerable households in ODA countries by leveraging additional risk capital from the private insurance market, thereby minimizing the risk of exhaustion of the fund in extreme years.

**Project Partners**

- **Supply Demand**
  - International Federation of Red Cross and Red Crescent Societies (IFRC) / International organization, administers DREF
  - Aon / Reinsurance Company / UK

**Expected Impacts**

12,000,000 by 2025
100% poor and vulnerable

**Implementation Period**

- June 2023
- February 2024

**Grant Amount**

EUR 2,455,288

[1] Based on submission documents requiring use of IGP M&E Methodology.